



IDAHO DEPARTMENT OF
HEALTH & WELFARE

C.L. "BUTCH" OTTER - GOVERNOR
RICHARD M. ARMSTRONG - DIRECTOR

DAVID BUTLER - Deputy Director
DIVISION OF MANAGEMENT SERVICES
450 West State Street, 9th Floor
P.O. Box 83720
Boise, Idaho 83720-0036
PHONE 208-334-5578
FAX 208-334-5694

June 4, 2007

Mr. Thomas R. Couch
CMS Funding Specialist
HHS/CMS
550 West Fort Street
M/S 022, Room 345
Boise, ID 83724-0101

Dear Mr. Couch:

As we have discussed the SFY 08 Appropriation for Medicaid (HB 322 Section 11) for IDHW contains provision to transfer \$1,000,000 from the Public Education Stabilization Fund to the Department to be used as match on school based service paid to local school districts. The local school districts would be required to periodically pay into this account to keep the fund corpus at the original \$1,000,000 funded level based upon the actual level of participation they have in the program. This would replace the current IGT process where schools are required to pre-pay match before payments are made to them. In both cases, 100% of the allowed billings are paid to the districts and they are required to certify that any funds used for match are from non-federal sources and have not been used for match on any other federal grants.

Would this funding plan of using the Public Education Stabilization Fund as the pre-paid match source meet federal requirements for allowable match?

If I can provide you with further information on this matter please call me at 208-334-5581.
Thank you for your consideration

Sincerely,

Richard Humiston, CPA
Deputy Administrator

RDH/km

c: Larry Tisdale

F.1.1.1



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10
2201 Sixth Avenue, MS/RX-43
Seattle, Washington 98121

June 13, 2007

Richard Humiston, Deputy Administrator
Idaho Department of Health and Welfare
450 West State Street, 9th Floor
P.O. Box 83720
Boise, ID 83720-0036

Dear Mr. Humiston:

In a letter dated June 4, 2007, the State requested CMS review and comment on planned SFY 2008 changes to the State/local match process for school-based services. Based on a review of the State's letter, consultation with appropriate CMS staff in Central Office (Baltimore), and additional follow-up with State staff on the proposed process, we would recommend that the State not structure the State/local funding process as outlined in the State's letter.

As indicated in your letter, the Legislature appropriated \$1 million in State funds (House Bill 322, Section 11) for SFY 2008 school-based Medicaid services. Based on our review of the appropriation, it is properly available to draw down Federal match to reimburse the local school districts for health care services provided to Medicaid beneficiaries.

However, any planned return of the payments made under this appropriation to the State's control (to replenish the original fund corpus, or for any other purpose) would violate Federal regulations (42 CFR 433.51) and CMS policy related to intergovernmental transfers (IGTs). For an IGT to be allowable as State/local match, the local funds **must** be transferred to the State's control **before** the Federal matching funds are drawn from Title XIX. As proposed by the State, the local match funds will transfer to the State's control **after** the Federal matching funds are drawn.

Should you have any questions related to this letter, please feel free to contact me at 334-9481.

Sincerely,

Thomas R. Couch
On-Site Funding Specialist
CMS-Boise